

Message Text

LIMITED OFFICIAL USE

PAGE 01 SANTO 04435 141221Z

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 AGRE-00 COME-00

STR-04 TRSE-00 SP-02 L-03 CIAE-00 INR-07 NSAE-00

ITC-01 OMB-01 /061 W

-----050544 141811Z /41

P 132135Z JUL 77

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 1270

INFO AMEMBASSY LONDON PRIORITY

USMISSION GENEVA PRIORITY

LIMITED OFFICIAL USE SANTO DOMINGO 4435

E.O. 11652: N/A

TAGS: ETRD, ISO, DR

SUBJECT: SUGAR: U.S. PLANS FOR STOCKHOLDING AND FINANCING

PLEASE PASS EB/TRP MR. TOM O'CONNELL

REF: STATE 157953; SANTO DOMINGO 4413

1. AMBASSADOR AND ECONOMIC COUNSELOR MET TODAY WITH FOLLOWING, WHO, WITH EXCEPTION MORALES, WILL ALL BE PART OF DOMINICAN DELEGATION TO NEXT ROUND OF SUGAR TALKS IN LONDON: AMBASSADOR JESUS MARIA TRONCOSO; CARLOS MORALES, PRESIDENT OF U.S.-OWNED GULF & WESTERN'S SUGAR OPERATION IN THE DR; FELIPE VICINI, HEAD OF THE VICINI GROUP OF SUGAR PRODUCERS IN THE DR; QUIRILIO VILORIO, HEAD OF GODR'S SUGAR POLICY ENTITY (INAZUCAR); MANUEL FEDERICO ECHENIQUE, SECRETARY OF INAZUCAR; AND ANDRES ESPINAL OF THE DOMINICAN CENTRAL BANK.

2. IN GIVING EACH MEMBER OF THE DOMINICAN DELEGATION THE TEXT OF U.S. CONCEPT FOR RESERVE STOCK AND FINANCING SCHEME, THE AMBASSADOR STRESSED THE IMPORTANCE WHICH THE U.S. ATTACHED TO THE UPCOMING MEETING IN LONDON. THE DOMINICANS WERE ALL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SANTO 04435 141221Z

IN ACCORD THAT THE U.S. PROPOSAL WAS A VERY POSITIVE STEP AND TOOK MORE INTO ACCOUNT LDC NEEDS THAN DID, FOR EXAMPLE, PROPOSAL OF EEC. THEY STRESSED THAT ALTHOUGH SOME PROBLEMS REMAINED, THEY WERE FLEXIBLE IN THEIR POSITION AND WELCOMED THE U.S. INITIATIVE.

3. VICINI QUESTIONED WHETHER ONE CENT PER POUND WAS A

REALISTIC COST FOR STOCKPILING SUGAR. HE SAID INTEREST COSTS ALONE WOULD BE SOMETHING LIKE NINE-TENTHS OF ONE CENT. WHEN ONE ADDED ACTUAL COST OF PHYSICAL STORAGE, HANDLING, AND SPOILAGE OR LOSS DURING STOCKPILING, HE SAID THAT THE PRICE OF STOCKPILING WOULD BE MUCH MORE.

4. CARLOS MORALES AGREED WITH VICINI THAT GULF AND WESTERN, THE MOST EFFICIENT OPERATION IN THE COUNTRY, CANNOT CURRENTLY STORE SUGAR FOR LESS THAN ONE AND ONE-HALF CENTS PER POUND.

5. VICINI SAID THAT UNDER THE U.S. PROPOSAL THE DR WOULD HAVE TO STORE AN ESTIMATED 250,000 TONS PER ANNUM. WHILE THAT AMOUNT OF STORAGE CAPACITY EXISTED IN THE COUNTRY, IT WOULD INTERFERE WITH THE NORMAL HANDLING AND STORAGE OF SUGAR PRODUCTION. SINCE SUGAR COULD ONLY BE STORED A FEW MONTHS, THE STOCK HAD TO BE TURNED OVER REGULARLY.

6. VICINI SAID THAT THE GREATEST CONCERN OF THE DOMINICANS WAS THE POSSIBILITY THAT THE WORLD SUGAR PRICE WOULD REMAIN DEPRESSED FOR SOME TIME, AND THAT AFTER STORING SOME 250,000 TONS, THE DR WULD THEN BE OBLIGED, UNDER THE CONTINGENCY FORMULA OF FIRST STOCKPILING AND THEN THE QUOTA SYSTEM, OF STORING EVEN MORE THAN 250,000 TONS. HE ADDED THAT THE DR WAS SO DEPENDENT UPON SUGAR FOR BOTH FOREIGN EXCHANGE AND INTERNAL REVENUES THAT IT COULD NOT AFFORD, FOR SOCIAL AND POLITICAL REASONS, TO ENTER INTO A SITUATION IN WHICH PRO-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SANTO 04435 141221Z

DUCTION CUT-BACKS ON THE ORDER OF 20 OR 25 PERCENT MIGHT BE REQUIRED.

7. THE AMBASSADOR INDICATED THAT THESE CONSIDERATIONS WOULD BE FORWARDED IMMEDIATELY TO WASHINGTON.
HURWITCH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, POLICIES, STOCKPILES, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANTO04435
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770251-0223
Format: TEL
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770762/aaaacbiu.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9cec576c-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 157953, 77 SANTO DOMINGO 4413
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1876269
Secure: OPEN
Status: NATIVE
Subject: SUGAR: U.S. PLANS FOR STOCKHOLDING AND FINANCING PLEASE PASS EB/TRP MR. TOM O'CONNELL
TAGS: ETRD, DR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/9cec576c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009